



Fiscal Issues for Stakeholders

Community Services and
Supports

Financing Workgroup

March 30, 2005



REVIEW OF FINANCIAL PARAMETERS



Pre-Implementation Funding

- Initial planning funding to last until CSS plan submitted
- CSS service funding won't begin until plan is approved by state
- State approval process will be about 3 months.
- This funding is for that interim period to continue planning and begin pre-implementation activities



Funding Limitations

- No funding for CSS services prior to state approval of plan
 - Expenditures must be consistent with plan
- Only for expansion of mental health services
- MHSA funds may be used as Medi-Cal match



Funding Limitations cont.

- MHSA expenditures reported and tracked through annual cost report
 - Subject to state audit



Budget Format and Instructions

- Requirements
 - Format consistent with Cost Report
 - Counties to submit forms
 - By program
 - Enrolled member services
 - » By priority population
 - System Capacity
 - » By type of service and population



Proposed Funding Distribution Principles—Part 1

- Planning Estimate Factors
 - County population
 - Need
 - prevalence,
 - poverty,
 - uninsured,
 - available resources
 - Minimum funding for small counties



Proposed Funding Distribution Principles—Part 2

- Set Aside Uses
 - Service expansion in counties with demonstrated capacity
 - State prudent/contingency reserve
 - Statewide or regional strategies for low incidence populations
 - Other critical need

A graphic of a spiral-bound notebook with a blue cover and a silver spiral binding on the left side. The notebook is open, showing two blank blue pages. A horizontal line runs across the middle of the notebook, separating the two pages. The word "BUDGETING" is written in white capital letters on the right page, just below the horizontal line.

BUDGETING



Building a budget

- Determine issue to be addressed
 - Negative effects of untreated mental illness
- Determine priority population
- Select strategies

THEN

- Develop budget



State Uses for Budget

- Help to analyze program plan
 - Sufficient staff
 - Adequate supports
 - Examples housing, wraparound
- Determine funding level
- Link to reports on actual costs and audits



Cost Report

- State's database for actual costs
 - Linked to client services for some performance measurement reports
 - Variety of reports on costs
- Used to establish Medi-Cal interim reimbursement
 - Final reimbursement through audit
- For MHSA accountability



Suggestions for Budget Review--EXPENSES

- Salaries/Benefits are typically 70-80% of overall costs
 - Review staffing and wages for consistency with program plan
- Contractors vs. Directly Operated
 - How will contractors be selected
- Other Costs
 - Examples--flexible funds, interagency collaboration, transportation



Suggestions for Budget Review—REVENUE

- Medi-Cal—50% federal funds when eligible client, service and provider
- Some other possible revenues
 - Medicare
 - Client Fees—UMDAP
 - Insurance
 - Grants



Suggestions for Budget Review--OVERALL

- How do the proposed changes fit into the overall budget?
- Statewide impact
 - First year CSS funding \$350M
 - Assume about \$100M in Federal funds
 - FY2001/02 public mental health costs \$3.2B
 - Less than 15% overall increase



Overall Budget Review

- Statewide estimate of average funding by source
 - Realignment 35%
 - County funds 5%
 - State funds 15%
 - Federal funds 25%
 - Other Revenue/Misc 10%
 - MHSA 10%



Overall Budget Review

- Review consistency with program narrative
- Determine how much funding is dedicated by service type.



Budget Review

- What are other suggested ideas for reviewing a budget?



Input on Proposed Budget Format

- Needs to tie to Cost Report and county budget process
- Issues for review
 - Right level of detail?
 - Program level
 - Each line item
 - Clarity of instructions
 - Other?

A graphic of a spiral-bound notebook is positioned on the left side of the image. The spiral binding is a dark blue line with a small white sphere at its center. The notebook's pages are represented by a series of overlapping, semi-transparent blue and green rectangular shapes that create a sense of depth and texture. The background of the entire image is a solid, medium blue color.

Accountability



State Budget Uses

- Plan Review
 - Determine reasonableness of proposed services/strategies
 - Helps determine funding level
- Actual costs reported on cost report
 - Determines Medi-Cal funding
 - Consistency with budget and plan
- State Audit



Local Budget Uses

- Program planning tool
- Obtain county budget authority
 - Approval to spend funding
- Obtain state approval for state funding
- Leads to tracking of actual costs



Role of Financing in Transformation



Role in Transformation

- Financing is a tool to achieve programmatic and service delivery system strategies.



Transformation

- Does budget reflect
 - New services
 - New partners
 - New strategies
- Examples
 - Housing, flexible funds, peer support/family education, consumer/family staff/consultants



Be clear about priorities
and strategies,
Then follow the money.